

Message Text

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ACTION EB-08

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TO SECSTATE WASHDC IMMEDIATE 6199
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C O R R E C T E D C O P Y (TEXT)

E.O. 11652: N/A
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SUBJECT: INTERAGENCY TASK FORCE TO DEVELOP A NATIONAL EXPORT POLICY

REF: (A) STATE 095673, (B) JIDDA 3082

1. CONSULATE STRONGLY SUPPORTS COMMENTS AND RECOMMENDATIONS
CONTAINED REFTEL B. ALL AMERICAN BUSINESS VISITORS TO EASTERN
PROVINCE OF SAUDI ARABIA TELL US THAT THEY SEE ENORMOUS POTENTIAL
FOR AMERICAN GOODS AND SERVICES IN THIS AREA, AND SAUDI BUSINESSMEN
AND GOVERNMENT LEADERS HAVE STRONG DISPOSITION TOWARDS AMERICAN
TECHNOLOGY AND GOODS. BUT BOTH GROUPS HAVE EXPRESSED DISMAY
TO US THAT USG IS NOT DOING MORE TO FACILITATE US EXPORTS TO
SAUDI ARABIA, AND IN SOME CASES (TAX AND ANTI-BOYCOTT LEGISLATION)
USG SEEMS TO BE DISCOURAGING SUCH TRADE.

2. WHILE WE FIELD OFFICERS MAY NOT BE TOTALLY AWARE OF ALL
PRESSURES AND PROBLEMS ASSOCIATED WITH USG FACILITATIVE
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ASSISTANCE FOR EXPORT OF AMERICAN GOODS AND SERVICES TO SUCH
PLACES AS SAUDI ARABIA, WE DO KNOW THAT THE U.S. RELATIVE
SHARE OF THIS LUCRATIVE IMPORT MARKET IS SLIPPING AND
STEPS MUST BE TAKEN BY THE USG TO ARREST SUCH A TREND.

3. CONSULATE THEREFORE ENDORSES JIDDA'S SUGGESTIONS AND
ADDS THE FOLLOWING:

A) A REVIEW OF USG POLICY TOWARDS FOREIGN INVESTMENT IN U.S. (AT RECENT NEA COMMERICAL OFFICERS CONFERENCE IN TANGIERS, WE WERE TOLD USG POLICY WAS "NEUTRAL"). IF FOREIGN INVESTMENT WERE ENCOURAGED IN U.S. AND FOREIGNERS HAD MORE EQUITY OR OTHER INTEREST IN U.S. FIRMS, IT SEEMS TO US THAT FOREIGN INVESTORS WOULD HAVE VESTED INTEREST IN U.S. ECONOMIC WELFARE AND WOULD BE EVEN MORE DISPOSED TO BUY U.S. GOODS.

B) A REVIEW OF U.S. ANTI-TRUST LAWS AS THEY AFFECT CONSORTIA OF U.S. FIRMS BIDDING ON LARGE SCALE OVERSEAS PROJECTS. GIVEN THE SIZE OF SOME PROJECTS HERE, MANY U.S. FIRMS MIGHT BE ABLE TO PUT TOGETHER PACKAGE DEAL IF U.S. ANTI-TRUST LAW DID NOT PRECLUDE SUCH VENTURES.

C) MORE ASSISTANCE TO SMALLER AND/OR MINORITY FIRMS IN DEALING WITH U.S. ANTI-BOYCOTT LEGISLATION IN LINE WITH ADMINISTRATION'S POLICY OF ASSISTING SUCH FIRMS TO ENTER EXPORT MARKET. SUCH FIRMS DO NOT HAVE LARGE LEGAL STAFFS OF GIANT CORPORATIONS AND MAY THEREFORE SHUN EXPORT TRADE BECAUSE FIRMS DECIDE THAT EXPORT COMPLEXITIES FOR THIS AREA ARE TOO MUCH FOR THEM TO HANDLE. ON OTHER HAND, THESE FIRMS PRODUCE VARIETY OF CONSUMER PRODUCTS, MARKETS IN GULF STATES MAY BE NATURAL FOR THEM SINCE DEMAND FOR CONSUMER PRODUCTS IS GROWING DRAMATICALLY.
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D) A REVIEW OF THE DEPARTMENT'S EMPLOYMENT REGULATIONS REGARDING NOT HIRING AMERICANS RESIDENT OVERSEAS. THERE IS LARGE POOL OF COMPETENT WIVES OF AMERICANS WORKING IN GULF STATES, AND THESE WIVES COULD HELP ALLEVIATE PROBLEM OF OBTAINING COMPETENT LOCAL SECRETARIES IN MISSIONS, COMMERCIAL SECTIONS.

E). ENCOURAGEMENT OF MORE HIGH-LEVEL USG OFFICIALS, INCLUDING CONGRESSMEN AND SENATORS, CONCERNED WITH EXPORT POLICY TO VISIT SAUDI ARABIA AND OTHER GULF STATES TO ASSESS EXPORT MARKETS FIRST-HAND AND TO LEARN OF PROBLEMS ENCOUNTERED BY U.S. BUSINESS IN MEETING FOREIGN COMPETITION. (IT IS ONE THING TO READ OF HUGE JUBAIL AND YANBU INDUSTRIAL COMPLEXES COMING INTO BEING, BUT THE VASTNESS OF PROJECTS DOES NOT REALLY HIT HOME UNTIL ONE FLIES OVER 150 KILIMETERS OF CONTINUOYS CONSTRUCTION ALONG ARABIAN GULF OR TALKS WITH AMERICANS ENGAGED IN PROJECTS).
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